

SENATE, No. 186

STATE OF NEW JERSEY 220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

Senator BRIAN P. STACK

District 33 (Hudson)

Senator NELLIE POU

District 35 (Bergen and Passaic)

Co-Sponsored by:

Senator Cryan

SYNOPSIS

Revises “Homelessness Prevention Program”; appropriates \$300 million.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT revising the “Homelessness Prevention Program,”
2 supplementing Title 52 of the Revised Statutes, and making an
3 appropriation.
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. The Legislature finds and declares that:

9 a. The mortal threat posed by the COVID-19 pandemic
10 compelled the Governor and Legislature to take drastic but
11 necessary action. Executive Order No. 103 of 2020 effectively shut
12 down the New Jersey economy on March 9, 2020, in order to hinder
13 the rapid spread of the virus and to limit as much as possible the
14 number of infections, severe illnesses, and deaths. At the same
15 time, the Governor and Legislature enacted P.L.2020, c.1 (C.2A:18-
16 59.3) and implemented a moratorium on evictions, so as to ensure
17 that households would be able to shelter in place and eliminate the
18 threat posed by displacement, overcrowding, and the resultant
19 spread of the virus.

20 b. The foregoing measures caused severe but unavoidable
21 economic difficulties, which have deeply affected the overall well-
22 being of millions of New Jersey residents. Tenants, who in general
23 have substantially lower-incomes and far less wealth than
24 homeowners, have been disproportionately affected: a large and
25 growing number of them immediately became and remain
26 unemployed or underemployed. This is especially so for lower-
27 income people of color, who are predominantly tenants and who
28 continue to be victimized by the systemic and structural racism,
29 which has left them severely disadvantaged and extremely
30 vulnerable to health emergencies and economic downturns.

31 c. Millions of jobs in our State and elsewhere have been
32 permanently lost, and only around half of the total number of jobs
33 abruptly interrupted by the virus-driven shutdown have returned.
34 The general consensus is that it will take many months or even
35 years for the devastatingly high unemployment to recede, and for
36 the economy to recover to anywhere near its pre-pandemic level.

37 d. As a result, not only will hundreds of thousands of tenants in
38 our State be unable to pay all or even part of the rental arrearages
39 caused by the pandemic when the moratorium ends, but these
40 tenants will also find it extremely difficult, or even impossible, to
41 make their current, ongoing monthly rental payments once they
42 resume.

43 e. An overwhelming number of struggling tenant households,
44 disproportionately black and brown, will therefore be at risk of
45 eviction for non-payment of all or part of their regular rent shortly
46 after the moratorium is lifted. Combining the number of struggling
47 tenants with the number of people at risk of displacement if the
48 arrearage issue is not addressed, it becomes clear that the resulting
49 number of evictions and the resulting overcrowding, will create

1 conditions likely to fuel the resurgence and spread of COVID-19,
2 and threaten the health, safety, and lives of their families,
3 communities, and the society at large.

4 f. In Executive Order No. 106 of 2020, the Governor expressly
5 stated that protection and preservation of personal and public health
6 was the primary reason driving the imposition of the economic
7 shutdown and eviction moratorium, a health-centered concern
8 echoed and reinforced by the national eviction moratorium
9 subsequently mandated by the federal Centers for Disease Control
10 and Prevention. The need to strictly limit eviction, now and for the
11 foreseeable future, is undeniable.

12 g. Efforts need to be made to provide financial compensation
13 directly to landlords who have suffered deep economic losses
14 through no fault of their tenants or themselves. At the same time,
15 however, it is evident that, until the economy rebounds, hundreds of
16 thousands of tenants will need help paying their regular rent going
17 forward once the moratorium ends, in order to ensure some measure
18 of security and stability for their families and communities; provide
19 landlords with the restored rental income stream required to safely
20 and efficiently operate their buildings; and, most importantly,
21 prevent a resurgence of COVID-19 that will threaten the health and
22 safety of tenants, landlords, and the public at large.

23
24 2. a. As used in P.L. , c. (C.) (pending before the
25 Legislature as this bill):

26 “Commissioner” means the Commissioner of Community
27 Affairs.

28 “Deep subsidy” means a rental housing subsidy which limits the
29 tenant’s share of the monthly rent to a percentage of the tenant’s
30 income, and which can be adjusted to maintain that percentage
31 should the tenant’s income change.

32 “Department” means the Department of Community Affairs.

33 “Low income household” means a household with a total current
34 annual household income equal to 50 percent or less of the area
35 median income for a household of the same size and composition.

36 “Moderate income household” means a household with a total
37 current gross annual household income in excess of 50 percent but
38 less than 80 percent of the area median income for a household of
39 the same size and composition.

40 “Shallow subsidy” means a rental housing subsidy which limits
41 the tenant’s share of the monthly rent to a percentage of the tenant’s
42 income, and which can be adjusted to maintain that percentage
43 should the tenant’s income change.

44 “Very low income household” means a household with a total
45 current annual household income less than or equal to 30 percent of
46 the area median income for a household of the same size and
47 composition.

48 b. The Commissioner of Community Affairs shall rename the
49 current “Homelessness Prevention Program” established pursuant to

1 the provisions of P.L.1984, c.180 (C. 52:27D-280 et al.), as the
2 “Eviction and Homelessness Prevention Program.”

3 c. The commissioner shall revise and amend the "Homeless
4 Prevention Program Regulations" established pursuant to chapter 41
5 of Title 5 of the New Jersey Administrative Code to meet or provide
6 for the following:

7 (1) the regulations shall be renamed the “Eviction and
8 Homelessness Prevention Program Regulations”;

9 (2) a household shall be eligible to participate in the program if,
10 due to reasons beyond the household’s control, the household is
11 unable to make residential rental payments which are due and
12 owing pursuant to a valid and enforceable oral or written lease,
13 stipulation of settlement, judgment, order or other type of legally
14 binding agreement;

15 (3) a household shall be eligible for assistance under this
16 program regardless of whether the household has been served with a
17 summons and complaint for eviction;

18 (4) a household shall be eligible for assistance if their
19 annualized current income is no more than 80 percent of the area
20 median income; however, the commissioner may establish funding
21 priorities to benefit very low income and low income households;

22 (5) a household shall be eligible for assistance under this
23 program although it may be unlikely for the household to have the
24 ability to pay shelter costs after the period of assistance has ended;

25 (6) eligible households shall be awarded grants for periods of up
26 to two years, depending upon the person’s or household’s particular
27 circumstances. The department shall provide assistance along a
28 continuum based upon the income level of the tenant household,
29 and shall include deep subsidies, shallow subsidies, and flat
30 amounts. Such grants may be renewed to prevent eviction or
31 homelessness. The commissioner shall prepare a detailed guidance
32 covering the amount and duration of such grants, in accordance
33 with the following guidelines and principles:

34 (a) for a very low income household, a deep subsidy shall be
35 provided in the amount necessary to limit the household’s share of
36 ongoing rent to not more than 40 percent of the household’s
37 income;

38 (b) for a low income household, a shallow subsidy shall be
39 provided in the amount necessary to limit the household’s share of
40 ongoing rent to not more than 40 percent of the household’s
41 income, provided, however, that the amount of any such subsidy
42 shall not exceed \$800 per month; and

43 (c) for a moderate-income household, assistance in the form of a
44 flat monthly grant of \$250 shall be provided to the household if the
45 household pays more than 50 percent of the household’s income as
46 ongoing rent.

47 (7) during the course of the payment period, if the department is
48 notified by either the landlord or the program participant that a
49 person or household has begun to experience difficulty paying rent

1 as a result of reasons beyond the household's control, the
2 household's income and family situation shall be reevaluated in
3 light of the changed conditions, and the person or household shall
4 be placed in a different assistance tier, if necessary, to prevent
5 eviction; and

6 (8) during the course of the payment period, a participant
7 household shall certify the household's current income once every
8 two months, using a one-page form to be developed by the
9 department, including any necessary attachments. Beginning the
10 month following receipt of a certification, the department shall
11 increase or decrease the amount of subsidy provided to the
12 household in accordance with the subsidy category applicable to the
13 most recent reported income, provided that limited non-recurring
14 short term increases in income shall not require a subsidy
15 adjustment.

16
17 3. Notwithstanding any other law to the contrary, evictions
18 based upon nonpayment or habitual late payment of rent which has
19 accrued as of the end date of the eviction moratorium established by
20 the Governor pursuant to Executive Order 106 of 2020, as extended,
21 shall be prohibited. A landlord shall remain entitled to pursue
22 recovery of the unpaid rent by filing an action in Superior Court for
23 entry of a monetary judgment with applicable interest.

24
25 4. There is appropriated from the funds provided to the State
26 by the United States government under the "Coronavirus Aid,
27 Relief, and Economic Security Act," Pub. Law 116-136, the sum of
28 \$300,000,000 for assistance under the "Eviction and Homelessness
29 Prevention Program," as described in section 2 of P.L. ,
30 c. (C.) (pending before the Legislature as this bill), of which
31 no more than \$1,500,000 may be used by the department to defray
32 the costs of administering the program. If \$300,000,000 is not
33 available through the "Coronavirus Aid, Relief, and Economic
34 Security Act," Pub. Law 116-136, then the remainder of this
35 amount shall be appropriated from other federal funding for
36 coronavirus relief, as it becomes available, or from other funding
37 sources as determined by the Legislature. Households otherwise
38 ineligible for assistance using federal funds shall be assisted with
39 State funds.

40
41 5. This act shall take effect immediately.

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43
44 STATEMENT

45
46 This bill revises the name of the "Homelessness Prevention
47 Program," requires changes to administrative regulations for the
48 Homelessness Prevention Program, and makes an appropriation.

1 Under the bill, the Commissioner of the Department of
2 Community Affairs (DCA) would rename the current
3 “Homelessness Prevention Program” to the “Eviction and
4 Homelessness Prevention Program.”

5 Additionally, the commissioner would revise and amend the
6 "Homeless Prevention Program Regulations" to require the
7 following:

8 (1) the regulations would be renamed the “Eviction and
9 Homelessness Prevention Program Regulations”;

10 (2) a household would be eligible to participate in the program
11 if, due to reasons beyond the household’s control, the household is
12 unable to make residential rental payments which are due and
13 owing pursuant to a valid and enforceable oral or written lease,
14 stipulation of settlement, judgment, order or other type of legally
15 binding agreement;

16 (3) a household would be eligible for assistance under this
17 program regardless of whether the household has been served with a
18 summons and complaint for eviction;

19 (4) a household would be eligible for assistance if their
20 annualized current income is no more than 80 percent of the area
21 median income; however, the commissioner may establish funding
22 priorities to benefit very low income and low income persons and
23 households;

24 (5) a household would be eligible for assistance under this
25 program although it may be unlikely for the household to have the
26 ability to pay shelter costs after the period of assistance has ended;

27 (6) eligible households would be awarded grants for periods of
28 up to two years, depending upon the household’s particular
29 circumstances. Assistance would be provided along a continuum
30 based upon the income level of the tenant household, and would
31 include deep subsidies, shallow subsidies, and flat dollar amounts.
32 Such grants could be renewed to prevent eviction or homelessness.
33 The commissioner would prepare a detailed guidance covering the
34 amount and duration of such grants, in accordance with the
35 following guidelines and principles:

36 (a) for a very-low-income household, a deep subsidy would be
37 provided in the amount necessary to limit the household’s share of
38 ongoing rent to not more than 40 percent of the household’s
39 income;

40 (b) for a low-income household, a shallow subsidy would be
41 provided in the amount necessary to limit the household’s share of
42 ongoing rent to not more than 40 percent of the household’s
43 income, provided, however, that the amount of any such subsidy
44 would not exceed \$800 per month; and

45 (c) for a moderate-income household, assistance in the form of a
46 flat monthly grant of \$250 would be provided to the household if
47 the household pays more than 50 percent of the household’s income
48 as ongoing rent.

1 (7) during the course of the payment period, if the department is
2 notified by either the landlord or the program participant that a
3 person or household has begun to experience difficulty paying rent
4 as a result of reasons beyond the household's control, the
5 household's income and family situation would be reevaluated in
6 light of the changed conditions, and the person or household would
7 be placed in a different assistance tier, if necessary, to prevent
8 eviction; and

9 (8) during the course of the payment period, a participant
10 household would certify the household's current income once every
11 two months, using a one-page form to be developed by the
12 department, including any necessary attachments. Beginning the
13 month following receipt of a certification, the department would
14 increase or decrease the amount of subsidy provided to the
15 household in accordance with the subsidy category applicable to the
16 most recent reported income, provided that limited non-recurring
17 short term increases in income would not require a subsidy
18 adjustment. Under the bill, evictions based upon nonpayment or
19 habitual late payment of rent which has accrued as of the end date
20 of the eviction moratorium established by the Governor pursuant to
21 Executive Order 106 of 2020, as extended, would be prohibited. A
22 landlord would remain entitled to pursue recovery of the unpaid
23 rent by filing an action in Superior Court for entry of a monetary
24 judgment with applicable interest.

25 The bill would appropriate \$300 million from the funds provided
26 to the State by the United States government under the
27 "Coronavirus Aid, Relief, and Economic Security (CARES) Act"
28 for assistance under this program, of which no more than
29 \$1,500,000 would be used by the DCA to defray the costs of
30 administering the program. However, if \$300 million is not
31 available through the CARES Act, then the remainder of this
32 amount would be appropriated from other federal funding for
33 coronavirus relief as it becomes available, or from other funding
34 sources as determined by the Legislature. Households otherwise
35 ineligible for assistance using federal funds would be assisted with
36 State funds.